

## Message Text

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PAGE 01 TAIPEI 00188 130936Z

17

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-01 OMB-01 SS-15 L-02 H-01 PA-01 PRS-01 USIA-06

/063 W

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P R 130734Z JAN 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 3936

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY SEOUL

C O N F I D E N T I A L TAIPEI 0188

E.O. 11652: GDS

TAGS: ETRD, TW

SUBJECT: COTTON CONTRACT PROBLEM

STATE 116119

1. I HAVE AN APPOINTMENT WITH MINISTER OF ECONOMIC AFFAIRS  
Y.S. SUN (SUN YU-HSUAN) THE AFTERNOON OF JANUARY 13 TO DISCUSS  
POINTS REFTEL. HOWEVER, I DO NOT ANTICIPATE THAT THAT MEETING  
WILL BE CONCLUSIVE SINCE MINISTER SUN UNDOUBTEDLY WILL HAVE TO  
CONSULT WITH OTHER SENIOR GROC OFFICIALS, INCLUDING PROBABLY  
THE PREMIER, BEFORE RESPONDING FULLY TO MY DEMARCHE. SUN MAY  
ALSO REQUIRE MORE INFORMATIN ABOUT FURTHER USG ACTIONS  
MENTIONED FINAL PARA REFTEL.

2. WE SHALL CONTINUE TO URGE THE GROC, IN THE STRONGEST  
POSSIBLE TERMS, TO TAKE ALL FEASIBLE MEASURES TO PERSUADE  
AND TO MAKE IT POSSIBLE FOR MILLS TO HONOR THEIR CONTRACTS.  
BUT GIVEN THE PRESENT PRECARIOUS FINANCIAL POSITION OF THE  
ROC TEXTILE INDUSTRY, IT IS DOUBTFUL IF AMANY OR ANY OF  
THE MILLS ARE IN A FINANCIAL POSITION TO OPEN L/C'S FOR  
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PAGE 02 TAIPEI 00188 130936Z

COTTON CONTRACTS MADE AT THE HIGH PRICES WHICH PREVAILED

IN 1973.

3. WHILE WE WILL CONTINUE OUR PRESSURES ON GROC AND IT WILL CONTINUE TO LOOK FOR WAYS TO PRESS FIRMS TO FULFILL CONTRACTS (ALTHOUGH WE ARE TOLD IT HAS NO LEGAL MEANS TO ENFORCE THIS), IF OPENING L/C'S MEANS FINANCIAL RUIN, THEN THE ULTIMATE RESOLUTION OF THE COTTON CONTRACT PROBLEM WILL DEPEND UPON GROC WILLINGANESS TO USE ITS OWN RESOURCES TO PURCHASE THE COTTON CONTRACTED FOR BY THE TEXTILE INDUSTRY. IN EFFECT, THE CHINESE GOVERNMENT WOULD BE REQUIRED TO SUBSIDIZE THE INDUSTRY. THEREFORE REQUEST DEPARTMENT CONSIDER WHETHER AND HOW HARD WE SHOULD PRESS GROC TO PROVIDE SUCH SUBSIDIES, CONSIDERING AMONG OTHER THINGS EFFECT ON ROC TEXTILE EXPORTS TO U.S.

4. GROC IS AWARE THAT THERE IS COTTON CONTRACT PROBLEM BETWEEN U.S. AND SO. KOREA AND, EVEN THOUGH TO LESSER EXTENT, ALSO WITH THAILAND AND PHILIPPINES, AND MAY INQUIRE HOW PROBLEMS BEING RESOLVED THERE. THEREFORE IT WOULD BE HELPFUL IF IKNEW THE STATUS OF DISCUSSIONS ON THE COTTON CONTRACT PROBLEM WITH THE GOVERMENTS OF THOSE THREE

COUNTRIES.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CONTRACTS  
**Control Number:** n/a  
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**Draft Date:** 13 JAN 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** WorrelSW  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COTTON CONTRACT PROBLEM STATE 116119  
**TAGS:** ETRD, TW  
**To:** STATE  
**Type:** TE  
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